

Consolidated Financial Results for the Second Quarter Ended September 30, 2010

October 29, 2010

Company name : Yamatake Corporation
 URL : <http://www.azbil.com/jp/>
 Stock exchange listing : Tokyo Stock Exchange 1st Section (CODE 6845)
 Representative : Seiji Onoki, President and Chief Executive Officer
 Contact : Teruyoshi Yamamoto, Executive Officer, General Manager
 of Fiscal Control Department
 Telephone : +81-3-6810-1009
 Planned quarterly report filing date : November 9, 2010
 Planned dividend starting date : December 7, 2010
 Preparation of supplementary
 references regarding quarterly results: : Yes
 Holding the briefing of quarterly results: : Yes

Notes: 1. The Japanese financial accounting standards are applied for this statement of accounts.

2. Amounts indicated are rounded down.

1. Results for the Second quarter ended September 30, 2010 (April 1, 2010 to September 30, 2010)

(1) Consolidated financial results (Cumulative)

(Percentage shows the increase/(decrease) from the previous period.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2010	99,323	6.3	3,792	155.0	3,664	158.3	1,285	—
Six months ended September 30, 2009	93,468	(16.2)	1,487	(77.6)	1,418	(78.6)	(207)	—

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2010	17.40	—
Six months ended September 30, 2009	(2.82)	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity to net assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2010	206,410	126,774	60.6	1,694.39
As of March 31, 2010	218,471	129,277	58.4	1,728.64

Note : Shareholders' equity As of September 30, 2010 125,139million yen
 As of March 31, 2010 127,668million yen

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year 2009	—	31.00	—	31.00	62.00
Fiscal year 2010	—	31.50	—	—	—
Fiscal year 2010 (Forecast)	—	—	—	31.50	63.00

Note : Revision of dividends forecast for during this period : No

**3. Forecast of consolidated financial results for the fiscal year ending March 31,2011
(April 1, 2010 to March 31, 2011)**

(Percentage shows the increase/(decrease) from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year 2010	225,000	6.0	16,000	29.2	15,500	22.6	8,200	31.4	111.03

Note : Revision of consolidated financial results forecast for during this period : Yes

4. Other

**(1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries due to changes in the scope of consolidation) : No**

(2) Adoption of simplified accounting methods and accounting methods specific to preparation of the quarterly consolidated financial statements : No

(3) Changes in accounting principles, procedures and disclosure methods etc., preparing for the quarterly consolidated financial statements (Those to be stated as changes in basis of presenting quarterly consolidated financial statements)

1. Changes associated with revision in accounting standards : Yes
2. Other Changes : Yes

(4) Number of shares issued (common stock)

1. Number of shares issued (including treasury stock)

As of September 30, 2010	75,116,101shares
As of March 31, 2010	75,116,101shares
2. Number of Treasury stock

As of September 30, 2010	1,261,044shares
As of March 31, 2010	1,260,779shares
3. Average number of shares (cumulative quarterly period)

Six months ended September 30, 2010	73,855,169shares
Six months ended September 30, 2009	73,855,915shares

* Description of the situation of the procedures for reviewing quarterly results

This quarterly financial results is not subject to the procedures for reviewing quarterly reports specified in the Financial Instruments and Exchange Act. As of the disclosure of this quarterly financial results, the procedures for reviewing quarterly consolidated financial statements are in progress.

* Regarding the appropriate use of forecast and other special matters

These projections are based on management's assumptions, intent and expectations in light of the information currently available to it, and therefore these statements are not guarantees of future performance. Due to various factors, actual results may differ from those discussed in this document.

(Reference) Non-consolidated

Forecast of non-consolidated financial results for the fiscal year ending March 31,2011

(April 1, 2010 to March 31, 2011)

(Percentage shows the increase/(decrease) from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year 2010	169,000	6.0	14,500	26.1	14,300	18.7	8,500	25.9	115.09

Note : Revision of non-consolidated financial results forecast for during this period : Yes

Accompanying Materials

Contents

1. Qualitative information on quarterly consolidated financial results	2
(1) Qualitative information on consolidated financial results	2
(2) Qualitative information on consolidated financial position.....	4
(3) Qualitative information on forecast of consolidated financial results.....	5
2. Other	6
(1) Changes in significant subsidiaries during the period	6
(2) Adoption of simplified accounting methods and accounting methods	6
(3) Changes in accounting principles, procedures and disclosure methods etc.	6
3. Quarterly consolidated financial statements	8
(1) Quarterly consolidated balance sheets	8
(2) Quarterly consolidated statements of income	10
(3) Quarterly consolidated statements of cash flows	11
(4) Notes regarding assumptions of continuing operations	12
(5) Segment information	12
(6) Notes if there is a remarkable change in the amount of shareholders' equity	15
4. Supplementary information	15
Orders received condition.....	16

1. Qualitative information on quarterly consolidated financial results

(1) Qualitative information on consolidated financial results

In the second quarter of the current consolidated cumulative period, as a result of the sharp rise in the value of the yen and the slackening pace of the recovery in overseas economies, Japan's economy was still showing signs of uncertainty going forward. However, a modest recovery in manufacturing and capital investment was evident, and overall the economy continued to demonstrate an upward momentum.

Likewise overseas, despite the fact that the tempo of economic recovery appeared to be slowing, steady expansion continued in Asia, led by China. Also, in North America and Europe signs of a gentle recovery were observed. Thus, as a whole, the economic situation moved in a favorable direction.

For the azbil Group, the business environment as a whole could not yet be described as robust. In some sectors recovery has been delayed by market conditions and some uncertainty clouding business sentiment. Nevertheless, business performance has improved steadily as a result of the ongoing recovery in both domestic and overseas economies.

Reflecting a recovery in the manufacturing industry's capital investment environment, azbil Group sales in the second quarter of the current consolidated cumulative period were 99,323 million yen, an increase of 6.3% on the same period last year. Turning to profits, these improved significantly as a result of improving the business structure and increasing sales. Operating income was 3,792 million yen (up 155.0% on the same period last year), and ordinary income was 3,664 million yen (up 158.3% on the same period last year). Net income was 1,285 million yen (a net loss of 207 million yen was recorded for the same period last year).

The results for the individual reportable segments are as follows. From the first quarter of this consolidated fiscal year, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) have been applied.

For details, please see "(5) segment information" on 12 page of the accompanying materials.

Building Automation Business

In the domestic market, sales continued to be vigorous for products related to new commercial office buildings, mainly in large cities in Japan. However, investment in the refurbishment of existing buildings for the purpose of energy saving (CO₂ emission reduction) continued to be suppressed owing to stagnant market conditions and rising vacancy rates. In the face of stiffer competition, a fall in sales in the market for existing buildings could not be avoided. The situation for the service business was just as challenging; however, sales did grow, in part due to the success of initiatives that included putting added emphasis on proactive sales of small-scale energy-saving solutions.

As regards overseas markets, while there has been a downturn in investments made by Japanese

manufacturers, steady progress was made with developing the market for local companies.

Consequently, BA business sales in the second quarter of the current consolidated cumulative period were 42,191 million yen. A segment profit (operating income) of 2,504 million yen was recorded.

Advanced Automation Business

In Japan's domestic market, significant sales growth was achieved for the Yamatake's factory automation (FA) control products – principally, components for semiconductor and flat panel display (FPD) manufacturing equipment, for machine tools, and for industrial furnaces. As regards the materials-related market, the recovery in demand that had been limited to part of the market – specifically, industries involved with new energy and high-functioning materials – has become evident elsewhere, suggesting a more widespread recovery is on the way. Nevertheless, it takes time for orders to work through, and as sales are yet to recover there was a fall in sales. Turning to overseas markets, demand is overall showing signs of recovery, and sales grew sharply.

As a result, AA business sales in the second quarter of the current consolidated cumulative period were 37,873 million yen. Segment profit (operating income) was 1,108 million yen.

Life Automation Business

The LA business supplies measurement and metering equipment for the lifelines that support modern society, as well as products and services for nursing care and health support. Kimmon Manufacturing – a company that plays a central role in the Lifeline business field and accounts for the bulk of LA sales – has a business that caters to the demand generated by the periodic replacement of domestic gas and water meters, as required by law. Although the demand for city gas meters has remained robust, demand for LP gas meters is now in the downward phase of its cycle; as a result there was a slight decline in sales for Kimmon Manufacturing as a whole.

The Life Assist field – with its nursing care and emergency alert response services – is positioned to benefit from the considerable latent demand that exists in Japan with its increasingly aged population. Nevertheless, this segment continued to face a challenging business environment owing to such factors as cutbacks in welfare budgets by local governments. Countermeasures included strengthening sales efforts and expanding the scope of services, and these efforts were rewarded with increased sales.

The result was that LA business sales in the second quarter of the current consolidated cumulative period were 17,113 million yen. A segment profit (operating income) of 110 million yen was posted.

Others

In other businesses (the importing, buying-in and marketing of inspection and measurement equipment), sales of 2,952 million yen were recorded in the second quarter of the current consolidated cumulative period. Segment profit (operating income) was 74 million yen.

(2) Qualitative information on consolidated financial position

(Assets)

At the end of the second quarter of fiscal year 2010, assets fell by 12,060 million yen compared with the end of the previous fiscal year. Total assets stood at 206,410 million yen. The main factor is the decrease in notes and accounts receivable-trade of 14,040 million yen.

(Liabilities)

At the end of the second quarter of fiscal year 2010, liabilities fell by 9,557 million yen compared with the end of the previous fiscal year. Total liabilities stood at 79,636 million yen. The main factors are notes and accounts payable-trade decreased 5,395 million yen and income taxes payable, etc. decreased 2,991 million yen due to the payment of income tax.

(Net assets)

At the end of the second quarter of fiscal year 2010, net assets decreased by 2,503 million yen. Net assets stood at 126,774 million yen. This principally reflects the fall in retained earnings due to dividends paid and the decrease in valuation difference on available-for-sale securities.

As a result, shareholders' equity to net assets was 60.6% compared with 58.4% at the end of previous fiscal year. Net assets per share declined to 1,694.39 yen compared with 1,728.64 yen at the end of previous fiscal year.

(Cash Flow)

1) Cash flow from operating activities

Net cash provided by operating activities in the second quarter of the current cumulative consolidated accounting period increased 9,607 million yen, resulting in an increase of 3,919 million yen compared with the same period last year. The main factors are the increase in income before income taxes and minority interests and the decrease in income taxes paid.

2) Cash flow from investing activities

Net cash used in investing activities in the second quarter of the current cumulative consolidated accounting period was 89 million yen, an increase of 573 million yen compared with the same period last year. The main factor is the decrease in proceeds from sales of short-term investment securities despite proceeds from sales of investment securities.

3) Cash flow from financing activities

Net cash used in financing activities in the second quarter of the current cumulative consolidated accounting period increased 3,327 million yen, resulting in a decrease of 395 million yen compared with the same period last year. The main factor is the impact of a decrease in outlays resulting from the repayment of loans payable.

As a result, cash and cash equivalents at the end of the second quarter of the current cumulative consolidated accounting period stood at 61,278 million yen, an increase of 5,914 million yen compared with the end of the previous fiscal year.

(3) Qualitative information on forecast of consolidated financial results

The azbil Group's results for the second quarter of the current consolidated cumulative period were, as detailed above in the section titled "Qualitative information on consolidated financial results," represent an increase in both sales and income compared to the same period last year. However, a sense of uncertainty overshadows the future outlook. With the rapid appreciation of the yen, the slowing of the global economy, and the diminishing impact of domestic policies, exports and manufacturing are losing steam, and the economic recovery has slowed to a virtual standstill.

Considering these circumstances, the azbil Group will continue to make concerted efforts to fortify the business structure and to effectively use and curb expenditure. While striving to achieve earnings targets, the Group will take advantage of the results of the previous business operation reform initiative ("creating new work styles") and develop businesses – linked to the environment and energy saving, as well as in overseas markets – that can make optimum use of the azbil Group's unique capabilities to deliver solutions. In this way, the Group aims to expand during the "period of growth," as designated by the current Medium-Term Plan (FY2010–FY2013).

Regarding the outlook for the whole financial year, it will be necessary to take into account first half results, expected changes in the business environment, and that minor corrections will be made for different segments. Nevertheless, consolidated sales and operating income are on track to meet the initial forecast (as announced on May 7, 2010), and the entire azbil Group is united in its commitment to ensure that this is achieved.

(Hundred millions of yen)

		Revised forecast	Original forecast on May 7, 2010	Difference	%	(Reference) FY2009
Building Automation	Net Sales	1,030	1,050	(20)	(1.9)	966
	Operating income	124	130	(6)	(4.6)	115
Advanced Automation	Net Sales	840	830	10	1.2	769
	Operating income	32	25	7	28.0	5
Life Automation	Net Sales	340	350	(10)	(2.9)	347
	Operating income	3	5	(2)	(40.0)	3
Others	Net Sales	50	38	12	31.6	53
	Operating income	1	0	1	-	(0)
Consolidated	Net Sales	2,250	2,250	-	-	2,122
	Operating income	160	160	-	-	123
	Ordinary income	155	157	(2)	(1.3)	126
	Net income	82	95	(13)	(13.7)	62

These projections are based on management's assumptions, intent and expectations in light of the information currently available to it, and actual results may differ owing to various factors.

2. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No

(2) Adoption of simplified accounting methods and accounting methods: No

(3) Changes in accounting principles, procedures and disclosure methods etc.

• Change in accounting standards

Application of the accounting standards regarding Asset Retirement Obligations.

Effective from the first quarter ended June 30, 2010, the company has applied "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Application Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

Then, operating income and ordinary income decreased 12 million yen, respectively, and income before income taxes and minority interests decreased 278 million yen. Change in amount of asset retirement obligations after applying this accounting standard is 149 million yen.

- Change in disclosure method

Items regarding quarterly consolidated statement of income

1. Pursuant to the “Cabinet Office regulations for amending part of the regulations regarding the terms, forms, and production methods of financial statements, etc.” (Cabinet Office Edict 5; March 24, 2009) based on “Accounting Standards for Consolidated Financial statements” (Corporate Accounting Standards No. 22, December 26, 2008), the items of “quarterly net income before minority interests” are described in the consolidated statement of income for the first quarter of the consolidated cumulative period.
2. “Subsidy income” (21 million yen for the second quarter of the current consolidated cumulative period), which was categorized into non-operating income for the same period last year, is categorized into “Other” from the second quarter of the current consolidated cumulative period, because its amount is not significant.

3 . Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of September 30, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	50,677	45,067
Notes and accounts receivable-trade	60,610	74,651
Short-term investment securities	12,400	11,895
Merchandise and finished goods	3,663	3,263
Work in process	8,919	8,251
Raw materials	5,257	4,919
Other	11,276	12,510
Allowance for doubtful accounts	(262)	(313)
Total current assets	152,543	160,245
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	15,014	15,422
Other, net	11,770	12,026
Total property, plant and equipment	26,784	27,448
Intangible assets		
Goodwill	4,515	5,369
Other	1,564	1,764
Total intangible assets	6,080	7,134
Investments and other assets		
Investment securities	11,913	15,213
Other	9,635	8,955
Allowance for doubtful accounts	(546)	(526)
Total investments and other assets	21,003	23,642
Total noncurrent assets	53,867	58,226
Total assets	206,410	218,471
Liabilities		
Current liabilities		
Notes and accounts payable-trade	29,589	34,984
Short-term loans payable	13,489	14,391
Income taxes payable	650	3,641
Provision for bonuses	6,166	7,823
Provision for directors' bonuses	86	85
Provision for product warranties	629	586
Provision for loss on order received	335	316
Other	13,167	12,125
Total current liabilities	64,115	73,954

(Millions of yen)

	As of September 30, 2010	As of March 31, 2010
Noncurrent liabilities		
Bonds payable	35	60
Long-term loans payable	603	688
Provision for retirement benefits	12,712	12,921
Provision for directors' retirement benefits	208	194
Other	1,962	1,375
Total noncurrent liabilities	15,521	15,239
Total liabilities	79,636	89,193
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	17,197	17,197
Retained earnings	99,360	100,362
Treasury stock	(2,642)	(2,641)
Total shareholders' equity	124,439	125,441
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,682	3,148
Deferred gains or losses on hedges	0	1
Foreign currency translation adjustment	(982)	(923)
Total valuation and translation adjustments	700	2,227
Subscription rights to shares	2	1
Minority interests	1,632	1,607
Total net assets	126,774	129,277
Total liabilities and net assets	206,410	218,471

(2) Quarterly consolidated statements of income
Six months ended September 30

	(Millions of yen)	
	Six months ended September 30, 2009	Six months ended September 30, 2010
	April 1, 2009 to September 30, 2009	April 1, 2010 to September 30, 2010
Net sales	93,468	99,323
Cost of sales	60,808	63,906
Gross profit	32,659	35,416
Selling, general and administrative expenses	31,172	31,624
Operating income	1,487	3,792
Non-operating income		
Interest income	57	51
Dividends income	197	371
Real estate rent	43	24
Other	244	167
Total non-operating income	542	614
Non-operating expenses		
Interest expenses	108	86
Foreign exchange losses	183	441
Commitment fee	22	21
Rent expenses on real estates	66	39
Office transfer expenses	137	35
Other	92	118
Total non-operating expenses	611	742
Ordinary income	1,418	3,664
Extraordinary income		
Gain on sales of noncurrent assets	0	34
Gain on sales of investment securities	-	186
Total extraordinary income	0	221
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	46	42
Impairment loss	27	230
Environmental expenses	-	545
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	265
Loss on valuation of investment securities	420	52
Loss on sales of investment securities	0	11
Provision of allowance for doubtful accounts	188	7
Total extraordinary losses	683	1,155
Income before income taxes and minority interests	735	2,730
Income taxes-current	265	567
Income taxes-deferred	609	766
Total income taxes	875	1,334
Income before minority interests	-	1,396
Minority interests in income	68	111
Net income (loss)	(207)	1,285

(3) Quarterly consolidated statements of cash flows
Six months ended September 30

	(Millions of yen)	
	Six months ended September 30, 2009 April 1, 2009 to September 30, 2009	Six months ended September 30, 2010 April 1, 2010 to September 30, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	735	2,730
Depreciation and amortization	2,252	2,133
Amortization of goodwill	738	663
Increase (decrease) in allowance for doubtful accounts	243	(29)
Increase (decrease) in provision for retirement benefits	(102)	(208)
Increase (decrease) in provision for bonuses	(2,618)	(1,653)
Increase (decrease) in provision for directors' bonuses	(2)	1
Interest and dividends income	(254)	(422)
Interest expenses	108	86
Foreign exchange losses (gains)	29	302
Loss (gain) on sales and retirement of property, plant and equipment	43	7
Loss (gain) on sales and valuation of investment securities	421	(123)
Impairment loss	27	230
Environmental expenses	-	545
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	265
Decrease (increase) in notes and accounts receivable-trade	16,710	13,948
Decrease (increase) in inventories	787	(1,480)
Increase (decrease) in notes and accounts payable-trade	(9,362)	(5,319)
Decrease (increase) in other assets	(251)	378
Increase (decrease) in other liabilities	641	679
Subtotal	<u>10,148</u>	<u>12,733</u>
Interest and dividends income received	263	421
Interest expenses paid	(109)	(87)
Income taxes paid	(4,613)	(3,460)
Net cash provided by (used in) operating activities	<u>5,687</u>	<u>9,607</u>
Net cash provided by (used in) investing activities		
Payments into time deposits	(571)	(1,161)
Proceeds from withdrawal of time deposits	459	892
Purchase of short-term investment securities	(4,348)	-
Proceeds from sales of short-term investment securities	6,850	-
Purchase of trust beneficiary right	(5,101)	(6,845)
Proceeds from sales of trust beneficiary right	5,762	7,046
Purchase of property, plant and equipment	(1,671)	(1,161)
Proceeds from sales of property, plant and equipment	7	160
Purchase of intangible assets	(162)	(79)
Purchase of investment securities	(17)	(68)
Proceeds from sales of investment securities	5	1,159
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(682)	-
Purchase of investments in capital of subsidiaries	-	(62)
Other, net	(46)	30
Net cash provided by (used in) investing activities	<u>483</u>	<u>(89)</u>
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	250	558
Decrease in short-term loans payable	(324)	(552)
Proceeds from long-term loans payable	200	-
Repayment of long-term loans payable	(1,319)	(929)
Redemption of bonds	(155)	(25)
Cash dividends paid	(2,289)	(2,288)
Repayments of lease obligations	(33)	(37)
Cash dividends paid to minority shareholders	(51)	(52)
Purchase of treasury stock	(0)	(0)
Proceeds from sales of treasury stock	-	0
Net cash provided by (used in) financing activities	<u>(3,723)</u>	<u>(3,327)</u>
Effect of exchange rate change on cash and cash equivalents	<u>272</u>	<u>(275)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,719</u>	<u>5,914</u>
Cash and cash equivalents at beginning of period	44,321	55,363
Increase in cash and cash equivalents from newly consolidated subsidiary	58	-
Cash and cash equivalents at end of period	<u>47,098</u>	<u>61,278</u>

(4) Notes regarding assumptions of continuing operations: Non applicable

(5) Segment information

[Business segment information]

Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009) (Millions of yen)

	Building Automation	Advanced Automation	Life Automation	Others	Total	Elimination/Corporate	Consolidated
Net sales							
(1)Customers	39,823	33,950	17,620	2,072	93,468	—	93,468
(2)Inter-segment	165	396	134	41	737	(737)	—
Total	39,989	34,347	17,755	2,114	94,205	(737)	93,468
Operating income(loss)	2,009	(711)	281	(88)	1,491	(3)	1,487

Note:

1. Classification method of business segments

The business segments have been classified, based on the classifications of the azbil Group used for internal control purposes and by taking into account the product lines and similarities of markets and other factors. The business segments are the Building Automation business, which primarily deals with building automation; the Advanced Automation business, which focuses on process automation, factory automation and the sales of control products; the Life Automation business, which utilizes automation technologies in areas closely related to everyday life and social infrastructure; and Others, which includes all other businesses.

2. Main products by business segment

Segment	Main products
Building Automation	Network Building Management System, wide area management system, HVAC system for each type of buildings, Critical Environment System, application package for energy management, security access control system, HVAC controller, plant controller, HVAC control device, wireless sensor, temperature/humidity sensor, energy saving and environment monitoring sensor, Instantaneous Microbial Detection™, HVAC control valve and actuator, building energy management system, maintenance service, consulting service.etc.
Advanced Automation	Distributed control systems, Market-specific solution packages, Energy management systems, Facility diagnosis equipment, Differential pressure transmitters, Electromagnetic flowmeters, Analyzers, Control valves, Controllers, Recorders, Indicators, Converters, Combustion control equipment, Earthquake sensors, Micro Flow™ sensors, Photoelectric sensors, Proximity sensors, Limit switches, Microswitches, Mechanical switches, Electronic air cleaners, Maintenance services, Consulting services.etc.
Life Automation	city gas meters, LP gas meters, water meters, emergency dispatch service, Nursing care service, Commercial-use food waste processing and recycling, Residential central air-conditioning system.etc.
Others	Precision Machine Tools, Dedicated Assembly Machines, Processing Machines, Measuring Instruments, Various Control Products.etc.

3. Changes in accounting principles and procedures

(Six months ended September 30, 2009)

As stated on (3) Changes in accounting principles, procedures and disclosure methods etc., preparing for the quarterly consolidated financial statements of 4. other of qualitative Information and financial statements, the company have applied the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007). And in terms of construction contracts commenced during the first quarter of the current consolidated fiscal year, the percentage of completion method to contracts in progress (percentage of completion shall be estimated based on the cost-to-cost method) is applied to contracts for which the outcome of the construction is deemed certain during the period to the end of the first quarter of the current consolidated fiscal year and the completed-contract method for all other construction contracts.

As a result of this change, net sales increased by 2,262 million yen, 675 million yen for BA and AA, respectively. And operating income increased by 1,012 million yen for BA. Operating loss decreased by 166 million yen for AA.

[Geographic segment information]

Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)

Since domestic sales account for the more than 90% of the total sales of all segments, the notation of geographic segment information has been omitted.

[Overseas sales]

Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)

Since overseas sales account for less than 10% of consolidated sales, the notation of overseas sales has been omitted.

[Segment information]**1. The summary of the report-segment**

The reportable segments of the azbil Group – identifiable operating segments of the Group's business structure for which financial information is made separately available – are subject to periodic review by the Board of Directors in order to make decisions on the distribution of management resources and to assess performance.

The azbil Group identifies its operating segments using such criteria as business organization, product lines, service content, and markets. This approach results in three separate reportable segments: the Building Automation business, the Advanced Automation business, and the Life Automation business.

The Building Automation business supplies commercial buildings and production facilities with automatic HVAC control and security systems, including products, engineering and related services. The Advanced Automation business supplies automation control systems, switches and sensors, engineering and maintenance services to industrial plants and factories. The Life Automation business supplies lifeline meters as well as products and services related to nursing care/health support and emergency alert response services – all of which are intimately connected with the daily lives of the general public.

2. Sales and profit information every segment

Six months ended September 30, 2010 (April 1, 2010 to September 30, 2010)

(Millions of yen)

	Reportable segment				Others (*)	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Net sales						
(1)Customers	42,104	37,588	16,854	96,547	2,775	99,323
(2)Inter-segment	86	284	259	631	176	808
Total	42,191	37,873	17,113	97,178	2,952	100,131
Segment Profit	2,504	1,108	110	3,723	74	3,797

* "Others" includes the importing, buying-in and marketing of inspection and measurement equipment.

3. The main contents of the difference between reportable segment profit and operating income.

(Millions of yen)

profit	Amount
Total of reportable segment	3,723
Profit in Others	74
Elimination	(5)
Operating income	3,792

(Additional Information)

Effective from the first quarter ended June 30, 2010, the company has applied "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008).

(6) Notes if there is a remarkable change in the amount of shareholders' equity

Non applicable

4. Supplementary information

Orders received condition

(Millions of yen)

Reportable segment	Six months ended September 30, 2010 (April 1, 2010 to September 30, 2010)	
	Orders received	Backlog
Building Automation	60,623	55,124
Advanced Automation	43,068	22,484
Life Automation	17,565	2,130
Total of reportable segment	121,257	79,738
Others	2,802	560
Elimination	(839)	(285)
Consolidated	123,220	80,014

Note : The method of classification of reportable segments is as stated in the Note to (5) 【Segment information】 1.The summary of the reportable segment of 3. quarterly consolidated financial statements.